

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pac-West, Inc. (U-5266-C) for
authority to suspend the provision of residential
local exchange services.

Application 01-11-036
(November 21, 2001)

**OPINION GRANTING AUTHORITY TO DISCONTINUE
THE PROVISION OF RESIDENTIAL LOCAL EXCHANGE SERVICE****Summary**

By this decision, the Commission grants Pac-West, Inc. (Pac-West) authorization to discontinue providing facilities-based local exchange service to its residential customers throughout California.

Background

Pac-West requests authority to discontinue providing local exchange to its residential customers. Pac-West states that while it has considerable success in serving business customers, it has not had similar success in the residential market. In light of this experience, the current economic downturn in the telecommunications industry and other factors, Pac-West claims that it is no longer feasible to continue providing local exchange service to residential exchange end-users.

The Commission granted Pac-West authority to operate as a facilities-based and resale competitive local carrier within the service areas of Pacific Bell Telephone Company and Verizon California, Inc. by Decision (D.) 95-12-057 and D.96-02-072. Later in D.97-09-115, the Commission approved Pac-West's request

to expand its service to include the areas served by Roseville Telephone Company and Citizens Telecommunications Company of California, Inc. Pac-West has been diligent in providing notice to its affected customers.

Customers currently affected by Pac-West's proposed service discontinuance will have received three (3) separate written notices prior to any actual discontinuance of service, the last coming upon approval by the Commission of Pac-West's request to withdraw local residential exchange service. Customers received the first notice of the proposed discontinuation of service on or about September 10, 2001. Pac-West mailed the second notice on or about November 26, 2001. In its second notice, Pac-West states that its affected customers will be well aware of the disconnection date, will be able to take appropriate steps to obtain new service and have the information necessary to contact Pac-West customer service should they require any further guidance or have any questions regarding transitioning to an alternative service provider. Pac-West stopped taking requests for new residential customers on October 7, 2001.

Pac-West submits that it has been working diligently with affected customers to help them transition to new service providers and will continue to do so. As a result of the notices, over 2,000 of the approximately 3,400 total local exchange customers are being served by new telecommunications providers. Pac-West states that it received no significant complaints regarding the proposed withdrawal of service other than "grumbling acceptance."

In spite of its need to discontinue these services at this time, Pac-West says that it is not seeking to cancel or modify its certificate of public convenience and necessity. Pac-West intends to continue to provide and offer its other facilities-based fixed services, including long distance, calling card services, voice mail service, and business local exchange service. Notice of the filing of this

application appeared in the Commission's Daily Calendar on November 29, 2001. In Resolution ALJ 176-3077, dated December 11, 2001, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests or responses have been received.

Discussion

We authorize Pac-West to discontinue its provision of facilities-based residential local exchange-based local service to its California customers. D.97-06-096 imposes notice requirements on carriers seeking to withdraw service. Pac-West demonstrated that it has satisfied these requirements through its written communications to customers on or about: (1) September 10, 2001, noticing its customers of its request; and (2) November 29, 2001, again noticing its application to discontinue providing residential local exchange service. We believe a third notice is necessary. Pac-West should, upon approval of its application, mail another notice to its affected customers to ensure that these customers are aware of the disconnection date, are taking appropriate steps to obtain new service and have the information necessary to contact Pac-West customer service should they require any further assistance in obtaining an alternate service provider. Pac-West, in no case, should disconnect service until 30 days after the notice is mailed unless the customers have already obtained service through another service provider.

Under General Order (GO) 96-A Section XIV, the carrier must obtain authority from the Commission before withdrawing service. We note that in this circumstance, Pac-West's provision of residential local exchange service is simply no longer financial viable and therefore has compelled it to request discontinuance.

This application is an uncontested matter in which the decision grants the requested relief. Therefore, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is waived.

Findings of Fact

1. On or about September 10, 2001 and again on or about November 29, 2001, Pac-West advised its California customers by letter that it would seek authorization to discontinue providing facilities-based residential local exchange service.
2. Pac-West plans to continue offering long distance; calling card services and voice mail services as well as its business local exchange service to customers in its California market areas.
3. A third customer notice, upon Commission approval of Pac-West's application, is necessary.
4. Notice of this application appeared in the Daily Calendar on November 29, 2001.
5. No party or customer filed a protest.

Conclusions of Law

1. Pac-West's residential local exchange customers received adequate and timely notice of its application to discontinue providing residential local exchange service.
2. Pac-West should be authorized to discontinue providing residential local exchange service.
3. Pac-West should provide a third notice to its customers after approval of its application.
4. Pac-West should not disconnect remaining customers until after 30 days from the mailing of the third notice.

5. This decision should be effective immediately in order to prevent and/or minimize service disruptions for current Pac-West customers.

O R D E R

IT IS ORDERED that:

1. Pac-West, Inc. (Pac-West) is authorized to discontinue providing facilities-based residential local exchange service.

2. Pac-West shall provide a third notice to its affected customers containing the necessary information to allow them to obtain a new service provider.

3. Pac-West shall continue to work diligently with its affected customers to ensure a transition to new service providers.

4. Pac-West shall not disconnect any remaining customers until after 30 days from the mailing of the third notice.

5. Pac-West shall file an Advice Letter to cancel its facilities-based residential local exchange service, to be effective after the remaining customers have been disconnected.

6. Application 01-11-036 is closed.

This order is effective today.

Dated _____, at San Francisco, California.